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September 20, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-31

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's supplemental response to the following Information Requests:

USW 1-2, Supplemental (Confidential)

UWUA 1-11, Supplemental (All Confidential and therefore not included in this public filing)

AG 1-6, Supplemental

Also enclosed is a Motion for Protective Order. The confidential responses will be delivered to the parties that have executed a non-disclosure agreement.

Please do not hesitate to telephone me or Patricia M. French, 508-836-7394, with any questions.

Very truly yours,

Robert L. Dewees, Jr.

RLD/rm
Enclosure

cc: Caroline Bulger
Paul Osborne
A. John Sullivan (5 copies)
Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 20, 2006

Responsible: Stephen H. Bryant, President
Sherry M. Gavito, VP Governance
As to Objection: Legal Counsel

**SUPPLEMENTAL
RESPONSE:**

USW 1-2: For each of the affiliates identified in response to USW 1-1, provide all documents within the possession, custody, or control of NiSource or its affiliates regarding or related to the quality of services provided by IBM (and/or associated vendors) in performing "customer facing" functions since July 1, 2005. This request includes, but is not limited to, internal memoranda, e-mails, and reports addressing the performance of IBM and/or second-tier vendors associated with IBM—e.g., Vertek, to date and any customer complaints regarding customer service.

RESPONSE: Objection. The question seeks information irrelevant to this proceeding where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests "internal memoranda, e-mails and reports" belonging to entities that have no demonstrated effect on Bay State service.

Notwithstanding this objection, but rather specifically maintaining it, NCSC monitors IBM's and Vertex' performance through two measurements, (i) Service Level Agreements (SLA) and (ii) utilization of Resource Units (RU). Service Levels relate to the quality of IBM's performance and Resource Units track the quantity of work performed by IBM.

SLAs and RUs for "customer facing" functions are provided in Attachment USW 1-23 CONFIDENTIAL.

SUPPLEMENTAL

RESPONSE: Notwithstanding the objection, but specifically maintaining it, Attachment USW 01-02 CONFIDENTIAL contains performance data at the Smithfield Contact Center, which is managed by Vertex under the NiSource IBM Service Agreement on behalf of NiSource's customers in Kentucky,

Maryland, Ohio, Pennsylvania, and Virginia. The data constitutes confidential and proprietary business information. Accordingly, the material is provided in single copy to the Hearing Officer under a Motion for Protective Treatment and will be provided to any other party upon execution of a mutually agreeable confidentiality agreement.

In general, NiSource experienced certain transition-related challenges associated with both moving customer calls from Kentucky and Ohio to the Smithfield Contact Center as well as outsourcing management of this Center. However, early performance issues with Average Speed of Answer ("ASA") have been resolved, and current ASA performance is exceeding levels prior to outsourcing effort. Further, emergency call service levels are exceeding levels prior to outsourcing effort, and "busy-out" SLAs are being achieved. Customer satisfaction results have varied by LDC, where some have improved while others have decreased, but most results have fallen within previous operating ranges. Non customer facing productivity metrics remain NiSource's primary concern at the Smithfield Contact Center, and NCSC management continue to work with IBM to improve performance in this area.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-31

Date: July 11, 2006

Responsible: Stephen H. Bryant, President
As to Objection: Legal Counsel

AG 1-6: From 1998 to 2005, identify and produce all documents related to any type of management bonus or management incentive compensation plans, including in this response those bonus and incentive plans related to the documents produced in response to AG-1-2, AG-1-3 and AG-1-4.

RESPONSE: Objection. The question is irrelevant to this proceeding where Bay State's service quality and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the portion of this question relating to other non-jurisdictional companies is irrelevant to this proceeding where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. The question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information belonging to entities that have no demonstrated effect on Bay State service to its customers.

Notwithstanding this objection but rather specifically maintaining it, employees and managers of Bay State are entitled to incentive compensation and spot awards related to performance under metrics described in that proceeding and subsequently approved by the Department as reasonable. To the extent that performance during any of those periods met the defined metrics associated with that year, incentive compensation and/or spot performance awards would have been awarded. Further, the Company has provided certain documents related to Bay State's employee performance management in its response to UWUA 2-4.

SUPPLEMENTAL RESPONSE

Please see the Company's SUPPLEMENTAL RESPONSE to UWUA 1-11.

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Bay State Gas Company))))	D.T.E. 06-31
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**MOTION OF BAY STATE GAS COMPANY
FOR A PROTECTIVE ORDER
OVER ATTACHMENT USW 1-2 SUPPLEMENTAL CONFIDENTIAL
AND UWUA 1-11, SUPPLEMENTAL CONFIDENTIAL**

I. INTRODUCTION

Bay State Gas Company (“Bay State”) requests that the Department of Telecommunication and Energy (“Department”) grant protection from public disclosure, pursuant to G.L. c. 25, § 5D, for certain responses to information requests from the United Steelworkers of America (“USW”) and the Utility Workers Union of America (“UWUA”) because these responses include confidential information.

In support of its request for a protective order, Bay State states as follows.

II. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

The Department has frequently protected sensitive market information, and has determined that competitively sensitive information, such as price terms, can be protected. Standard of Review for Electric Contracts, D.P.U. 96-39, at 2 (1996). The Department has determined that price terms should be protected in gas supply contracts, including “reservation fees or charges, demand charges, commodity charges and other pricing information”. Colonial Gas Company, D.P.U. 96-18, at 4 (1996). The Department has also determined that information which, if disclosed publicly, could have a chilling effect on bidding processes, such as responses to Requests for Proposal (“RFP”), should be protected. Finally, the Department is authorized to protect trade and business secret information, particularly of non-participating third parties. G.L. c. 25, § 5D.

III. THE MATERIALS ARE PROPRIETARY AND CONFIDENTIAL AND WARRANT PROTECTION FROM DISCLOSURE

A. Bay State’s Response to USW 1-2, labeled Attachment USW 1-2

SUPPLEMENTAL CONFIDENTIAL, is Appropriately Protected from Public Disclosure

In USW 1-2, the USW requests:

USW 1-2: For each of the affiliates identified in response to USW 1-1, provide all documents within the possession, custody, or control of NiSource or its affiliates regarding or related to the quality of services provided by IBM (and/or associated vendors) in performing “customer facing” functions since July 1, 2005. This request includes, but is not limited to, internal memoranda, e-mails, and reports addressing the performance of IBM and/or second-tier vendors associated with IBM – e.g., Vertek, to date and any customer complaints regarding customer service.

In its supplemental response to the question, Bay State has provided a copy of materials entitled IBM at NiSource – Service Level Reporting which contain performance data at the Smithfield Contact Center managed by Vertek under the NiSource IBM Service Agreement. The materials include confidential materials about performance under the Service Agreement and

competitively sensitive business intelligence on call center management. The materials are not disseminated widely throughout NiSource. Further, there would be no public benefit in disclosure of this material. Accordingly, because this material is held confidentially within NiSource and includes competitively sensitive business information, protection is proper under G.L. c. 25, § 5D.

B. Bay State's Response to UWUA 1-11, SUPPLEMENTAL CONFIDENTIAL, is
Appropriately Protected from Public Disclosure

In UWUA 1-11, the UWUA requests:

UWUA 1-11: Did any Bay State or NiSource employee receive any type of bonus or additional compensation due to either their participation in DTE 05-27 or the result in that docket? If "yes," please provide the amount of the compensation; to whom provided; and the basis for the additional compensation.

In its supplemental response to the question, Bay State is providing the bonuses awarded to Bay State and NiSource employees for participation in D.T.E. 05-27. This response contains highly confidential individual employee compensation information. This information is confidential for the individuals involved and should not be disclosed publicly, to the employees listed in the response or to any other Bay State or NiSource employees. There would be harm to the individuals listed if the bonus information were not kept confidential. Accordingly, protection from public disclosure of UWUA 1-1 SUPPLEMENTAL CONFIDENTIAL is proper under G.L. c. 25, § 5D.

IV. CONCLUSION

For the reasons set forth above, Bay State requests that the Department protect from public disclosure UWUA 1-11 SUPPLEMENTAL CONFIDENTIAL, and Attachment USW 1-2 SUPPLEMENTAL CONFIDENTIAL.

Respectfully submitted,

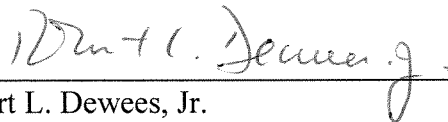
BAY STATE GAS COMPANY

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and



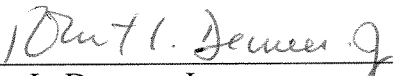
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Dated: September 20, 2006

CERTIFICATION

I certify that I served today a copy of the attached Motion of Bay State Gas Company for a Protective Order by hand delivery, first class mail postage prepaid or electronically on the Department of Telecommunications and Energy and all parties on the service list on file with the Secretary of the Department of Telecommunications and Energy for this proceeding.

Dated at Boston, Massachusetts this 20th day of September 2006.



Robert L. Dewees, Jr.